INFORMATION LETTER

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Ceiling Price Adjustment For Canned Baby Foods

SR 107 to the GCPR authorizes a ceiling price adjustment for canned baby foods and junior foods and provides for calculation of ceiling prices for new items, effective June 24. The price adjustment, OPS said, was found to be required under the so-called Johnston industry earnings standard.

Under SR 107, processors of canned baby foods and junior foods are authorized to add the following specified amounts, in cents per dozen, to their ceiling prices:

All meat items of baby or junior foods	8½
All other items of baby or junior foods packed in tin containers, excluding dry cereals	3½
All other items of baby or junior foods packed in glass containers, excluding dry cereals	4½

Copies of SR 107 to the GCPR have been mailed by N.C.A. to all packers of baby foods.

Tin Conservation Situation

Continued conservation of tin is necessary because it is not known how long the current supply will prevail, according to the National Production Authority.

NPA said this week that changes could occur in the tin supply situation which might necessitate a quick tightening of controls on its use. Anything approaching modification of control is not foreseeable at the present time, it was added.

At a meeting with its Tin Products Technical Advisory Committee on June 17, NPA presented some proposed changes in its basic tin order, M-8. These would include slight increases in tin content of solder for general use and limited quantities of tin for items now on the prohibited list.

Mexican Farm Labor Program

The United States and Mexico have exchanged diplomatic notes extending the Migrant Labor Agreement through December 31. The agreement was due to expire June 30. Minor changes were made in the agreement.

Defense Production Act

Action with respect to suspension of ceiling prices on canned foods is on the agenda at the Office of Price Stabilization, it was revealed this week, as the House opened debate on its bill to amend and extend the Defense Production Act. The announcement on OPS intentions on suspension was made in a speech by Representative Fugate (Va.).

After two days of debate, the House moved toward a final vote on its controls bill, possibly by late yesterday. At press time, a number of amendments dealing with price control suspension were pending, including that proposed by the House Committee on Banking and Currency. This amendment reads:

"Sec. 411. No person shall be required under this Act to furnish any reports or other information with respect to sales of materials or services at prices which are 7 percentum or more below ceiling, if such person certifies to the President that such sales were made at such prices."

The House also had before it other recommendations of its Banking Committee—total exemption of fresh fruits and vegetables from price control, exemption of agricultural labor from wage controls, and exemption of employers of eight or less employees from wage controls.

Two Congressmen Speak on Ceiling Prices on Canned Foods

During House debate, the price level of canned foods was referred to by two Congressmen, Representative Fugate (Va.) and Representative McDonough (Calif.).

Representative Fugate said that N.C.A. had presented "a complete economic justification for the suspension of price controls on canned foods." He cited the low level of prices of canned foods, and said that ceilings on canned foods and on other commodities "in which there exists no inflationary threat and whose prices are below established ceilings should be suspended and will be suspended by voluntary administrative action." Price

(Please turn to page 205)

Defense Act Appropriations

The President this week sent to Congress budget recommendations for $168.3 millions for administrative expenses of the defense mobilization agencies during the fiscal year beginning this July 1.

Of the total, $103,250,000 was requested for the Economic Stabilization Agency for price, rent, wage and salary stabilization, including $68,420,000 for the Office of Price Stabilization and $15,930,000 for the Wage Stabilization Board.

An appropriation of $35 millions was requested for the defense activities of the Commerce Department, of which $34,050,000 would be for the National Production Authority.

Estimates for other agencies performing mobilization functions include $3 millions for the U. S. Department of Agriculture and $4 millions for the Interior Department, including the Defense Fisheries Administration.

CMP Reg. 6—Construction

The quantities of aluminum and copper which may be self-certified for construction of industrial plants or facilities under CMP Reg. 6 were increased June 18 by the National Production Authority.

Amendment 1 to Revised CMP Reg. 6 authorizes self-certification of 2,000 pounds of copper and copper-base alloys and 2,000 pounds of aluminum each quarter, beginning July 1. Limitations on self-authorization of orders for steel remain unchanged because of the situation created by the work stoppage in steel mills.

STATISTICS

1951 Packs of Vegetables

Reports on the 1951 packs of carrots and peas, succotash, and mixed vegetables have been issued by the N.C.A. Division of Statistics.

1951 Pack of Carrots and Peas

	1950	1951
	(actual cases)	
Northeast	206,407	163,409
Midwest	846,717	888,292
West	217,907	517,459
U. S. Total	1,271,031	1,569,160

1951 Pack of Succotash (Lima Beans and Corn)

	1950	1951
	(actual cases)	
Northeast and East	170,937	166,218
Other states	43,187	92,715
U. S. Total	214,124	258,933

Other states include Calif., Ind., Ohio, and Wis.

The 1951 pack of triple succotash (lima beans, corn, and tomatoes) was not reported due to the few number of canners packing this commodity.

1951 Pack of Mixed Vegetables

	1950	1951
	(actual cases)	
Midwest	2,282,356	1,819,823
Other states	370,204	352,216
U. S. Total	2,652,560	2,172,039

Other states include Calif., Ga., Md., and Pa.

1951 Pack of Pimientos

The 1951 pack of pimientos amounted to 672,055 actual cases, according to a report by the N.C.A. Division of Statistics. This compares with the 1950 pack of 2,294,147 cases, of which 2,061,324 cases were packed in Georgia and 232,823 cases in other states. The following table shows the 1951 pimiento pack by states and container sizes:

Size	Georgia	Other states	U. S. Total
		(actual cases)	
No. 4Z Flat	.....	20,861	20,861
No. 4Z Tall	83,375	87,000	170,375
No. 7Z	60,278	32,410	92,688
No. 14Z	27,820	.....	27,820
No. 300	.....	.....	.....
No. 2	.....	1,000	1,000
No. 2½	126,276	22,099	148,375
No. 10	10	24,691	24,701
Misc. tin	.....	.....	.....
2Z Glass	58,866	3,344	62,210
4Z Glass	71,593	6,219	77,812
7Z Glass	40,022	6,191	46,213
14Z Glass	.....	.....	.....
Misc. glass	.....	.....	.....
U. S. Total	468,240	203,815	672,055

Other states include Ala., Calif., Tenn., and Tex.

Canned Meat Report

The quantity of meat canned and meat products processed under federal inspection during the five-week period April 27-May 31 has been reported by the Bureau of Animal Industry, USDA. However, this report represents only the supply of meat products canned during that period and remaining for civilian consumption. Total production, including quantities for defense agencies, was 145,637 thousand pounds.

Canned Meat and Meat Products Processed Under Federal Inspection

April 27-May 31, 1952

	3 Lbs. & over	Under 3 Lbs.	Total
	(in thousands of pounds)		
Luncheon meat	17,646	10,824	28,470
Canned hams	17,985	469	18,454
Corned beef hash	170	4,329	4,499
Chili con carne	616	4,691	5,308
Vienna sausage	139	3,673	3,812
Frankfurters and weiners in brine	19	218	237
Deviled ham	.....	687	687
Other potted and deviled meat products	4	3,639	3,643
Tamales	47	2,186	2,233
Sliced, dried beef	33	546	579
Liver products	.....	226	226
Meat stew	52	3,573	3,626
Spaghetti meat products	65	4,022	4,087
Tongue (not pickled)	73	259	332
Vinegar pickled products	1,070	2,011	3,081
Bulk sausage	.....	1,159	1,159
Hamburger	58	1,301	1,359
Soups	1,894	37,541	39,435
Sausage in oil	374	193	567
Tripe	60	576	636
Brains	1	260	261
Bacon	54	163	216
All other products 20% or more meat	392	3,477	3,869
All other products less than 20% meat (except soup)	127	13,282	13,409
Total all products	40,879	99,305	140,185

Columns do not add to totals shown in all cases since rounded figures are used. Amounts packed for defense are not included in these items. Total production, including quantities for defense agencies, was 145,637 thousand pounds.

1951 Packs of Berries

The first compilations of the packs of black raspberries and red raspberries have been made by the N.C.A. Division of Statistics. Also reported are the 1951 packs of blueberries and a revision of the 1951 pack of strawberries. Following are summaries of the 1951 packs of these four berries:

1951 Pack of Blueberries

	1950	1951
	(actual cases)	
Maine	480,585	829,435
Other states	279,395	325,990
U. S. Total	759,980	1,155,425

1951 Pack of Black Raspberries

	Total (actual cases)
New York	31,781
Michigan	270,162
Northwest	1,666
U. S. Total	303,609

1951 Pack of Red Raspberries

	Total (actual cases)
New York	48,433
Northwest	59,250
Other states	5,014
U. S. Total	112,697

1951 Pack of Strawberries (Revised)

	1950	1951
	(actual cases)	
Northwest	19,134	22,996
Other states	110,453	61,365
U. S. Total	129,587	84,361

PROCUREMENT

Canned Foods Requirements From 1952 Pack Revised

Revised tentative requirements of canned fruits and vegetables from the 1952 pack to meet the needs of the armed forces were announced June 19 by the Department of Defense. The estimated requirements are:

Canned Vegetables

Item	Total pounds
Asparagus	4,962,000
Beans, lima	11,658,000
Beans, green snap	41,754,000
Carrots	12,325,000
Corn	48,770,000
Peas, green	51,722,000
Pumpkin	1,219,000
Potatoes, sweet	33,799,000
Tomatoes	49,886,000
Tomato catsup	21,516,000
Tomato paste	6,403,000
Total	284,014,000

Canned Fruits

Item	Total pounds
Apples	10,131,000
Apple sauce	15,587,000
Apricots	27,146,000
Berries	6,214,000
Cherries, sweet	2,131,000
Cherries, RSP	14,718,000
Figs, Kadota	6,118,000
Fruit cocktail	18,527,000
Peaches	46,126,000
Pears	15,466,000
Pineapple	31,338,000
Plums, purple	9,942,000
Total	203,444,000

These requirements do not include quantities to be procured by the QMC for the Veterans Administration.

Defense Production Act

(Concluded from page 203)

Stabilizer Arnall was cited as source for this statement.

Following is the text of Representative Fugate's speech on canned food prices:

"During the course of our hearings on extension of price controls, I was proud of the appearance before the committee of one of Virginia's leading citizens. Mr. Henry P. Taylor, of Walkerton, Va., a former president of the National Canners Association, presented a complete economic justification for the suspension of price controls on canned foods. Mr. Taylor, who is both a farmer and a canner, knew what he was talking about. Being a rather small canner, he was able, from his own experience to explain the unnecessary and unwarranted burdens that price control imposes on the industry.

"Canned food production, Mr. Taylor demonstrated, was the highest in the history of the country last year. Supplies currently on hand are the largest in history. He pointed out to the committee that the Department of Agriculture recognized the adequacy of supplies of canned vegetables in their recommendation to growers that they decrease vegetable tonnage this year by 15 percent.

"Further supporting his economic analysis of the canned food situation in relation to price control, Mr. Taylor pointed out that since 1947 the index of canned food prices compiled by the Bureau of Labor Statistics has been consistently under the cost of living index. Furthermore, Mr. Taylor established that 88 percent of the volume of canned fruits and vegetables has been selling at less than ceiling prices. In fact, one-third of the volume of canned food sales has been at less than 10 percent of ceiling prices.

"On behalf of the canning industry, Mr. Taylor proposed to the committee that agricultural and fishery commodities that are in adequate supply be suspended from price control. Mr. Taylor's proposal was similar to the decontrol provision that Congress adopted in the Price Control Extension Act of 1946. This approach to the problem of price control suspension, in my opinion, has great merit. It recognizes that prices are determined by the law of supply and demand. Obviously where the supply of a commodity is abundant there is no inflationary threat.

"The canning industry, I am informed, has advised Governor Arnall that canned foods meet the suspension standards that have been established by OPS. Certainly Mr. Taylor's testimony before the committee established this fact. I have discussed this situation with Mr. Arnall and have been advised by him that action with respect to canned foods is on his suspension agenda. In view of Mr. Arnall's recognition of the fact that not only canned foods but other commodities in which there exists no inflationary threat and whose prices are below established ceilings should be suspended and will be suspended by voluntary administrative action, I did not think that the committee should bring before the House what might become a highly controversial amendment to the law. I do feel, however, that it is the overwhelming consensus of this body that price control on such things as are in adequate supply and which will not, in the foreseeable future, exercise any inflationary pressure should be suspended from price control just as rapidly as the Office of Price Stabilization can issue the suspension orders.

"I want to express my appreciation to Governor Arnall for the sympathetic approach and attitude he maintains toward the whole program of price control. He is doing an excellent work and should have the wholehearted support of the Congress. His position is one where criticism is the usual order. I for one believe he is able, conscientious and determined to do a good job for his country, and I am deeply grateful for men of his caliber.

"In conclusion, let me say this bill should have the support of the House and the country."

Representative McDonough stated:

"It can easily be seen that OPS is attempting to reduce the cost of living to the consumer by increasing the ceiling prices on foods that are already selling below ceiling prices, as if such a thing were possible.

"The National Canners Association also criticized this ridiculous OPS policy in a letter to Hon. Brent Spence, the chairman of the Banking and Currency Committee."

Representative McDonough then read the House the N.C.A. letter which told the Chairman of the Banking Committee of both the Senate and House that the markups recently granted to certain food wholesalers did not affect the need and justification for suspension of price controls on canned foods (see INFORMATION LETTER of May 29, page 191).

House Banking Committee Report

In reporting the controls bill to the House, the Banking Committee justified the various provisions it recommended. In a general statement on the need for stabilization, the Committee stated:

"The fact that price stability has so far been maintained with the aid of direct and indirect controls, and that more normal market conditions have returned to some areas, making possible suspension of some price ceilings, does not mean that all need for price controls has disappeared. Large areas of the economy are still under inflationary pressure, with prices at or very close to their peaks. In April consumer prices were still almost at their all-time high. In food and defense materials, markets are still hard. The Department of Agriculture's Index of Prices Paid by Farmers in April was at an all-time peak, 14 percent above pre-Korea. Food prices were more than 13 percent above pre-Korea. The BLS spot market index of food prices rose 4.1 percent during the four weeks between the open and close of the committee hearings.

"In the opinion of your committee the continuing danger of inflation is to be found in the impact of the defense expenditures which lie ahead of us. Earlier in this report it was pointed out that in excess of $100 billion in funds appropriated or requested must be turned into military items in a relatively short time. Prior to Korea, national security expenditures were about 6 percent of our national output. In the first quarter of this year, these expenditures were at a rate equal to slightly less than 14 percent of the gross national product. Late this year or early in 1953, this defense spending is expected to reach a rate in the neighborhood of $65 million, or about 18 percent of the national product."

Suspension of Price Reporting

Of the amendment providing for suspension of record-keeping, the Banking Committee said:

"The committee is of the opinion that where a seller's effective ceiling prices for a material or service are substantially above the selling prices, there is no need to continue his OPS reporting requirements as to these ceilings. The amendment therefore provides that when a seller files a certification showing that his selling prices for a material or service are 7 percent or more below his ceiling prices, the requirements of OPS ceiling price regulations relating to reporting and furnishing of information will be suspended. The reporting provisons remain operative only as to sales made at a price higher than 7 percent below the applicable ceiling price.

"Apart from relieving sellers of the burden of price reporting in cases where prices are 7 percent below ceilings, the amendment has the advantage of providing an inducement to sellers to reduce and keep prices 7 percent or more below ceilings in order to avoid the burden of making reports to the OPS.

"Your committee has received complaints from witnesses appearing during its hearings about the burden imposed on business by record-keeping and reporting requirements contained in ceiling price regulations. Your

committee recognizes that some such requirements are inevitable in any price stabilization program. It seems, however, that such requirements have not always been confined to those which are essential as, in the opinion of your committee, they should be. Excessive requirements are especially objectionable where soft market conditions currently prevail, and are particularly irksome and undesirable in the case of small business. Your committee, therefore, urges that these requirements be confined to the keeping of normal business records, except where additional records or reports are indispensable to the fair administration of the price stabilization program. Constant and vigilant review of price regulations should be used to assure adherence to this policy.

"The provision for suspension of price reporting is directed to the price stabilization program. Reports and other information required to be furnished pursuant to other programs under the act, such as those for priorities and allocations, wage stabilization, and financial assistance, are not affected."

Fresh Fruits and Vegetables

"The committee bill also, by amendment of section 402(d)(3), exempts fresh fruits and vegetables from price control. Fresh fruits and vegetables are perishable commodities. Because they are perishable, market prices are extremely sensitive and fluctuate greatly. As a result there has developed a complex marketing mechanism which makes it difficult to control prices. The perishability of the crop and the fluctuation of the prices make the growing of fresh fruits and vegetables an extremely risky business for farmers. Price controls may therefore interfere with the opportunity of growers to offset losses on one crop with profits on another crop. Moreover, many of these crops are produced within a very short cycle and if prices get too high, new plantings can rapidly increase production and bring down prices to a reasonable level. For this reason, the committee believes that the exemption will not result in unduly high prices for consumers."

Exemption of Agricultural Labor

"The bill exempts from control wages paid for agricultural labor. The committee was aware of the measures taken by the Wage Stabilization Board in GWR 11 to adapt the stabilization program to the particular needs of farmers but believed that a statutory exemption should be provided in the case of wages paid for agricultural labor. Agricultural labor includes labor performed for a farmer or on a farm as an incident to or in conjunction with farming operations in all its branches, including preparation for market, delivery to storage or to market or to carriers for transportation to market."

PERSONNEL

J. P. King Quits Canning

Joseph P. King, agricultural manager of the Birds Eye Division of General Foods Corp., will become Agricultural Consultant of Grocery Manufacturers of America, Inc., on July 31.

As Agricultural Consultant of GMA, Mr. King will carry on a program designed to stimulate cooperation and increase understanding between farmers and food manufacturers on problems of common interest.

Mr. King served for a number of years on the N.C.A. Raw Products Committee and was its Chairman in 1948 and 1949. He has served this year as a member of the N.C.A. Public Relations Committee.

DEFENSE

Anderson Named to DFA Post

Andrew W. Anderson, Chief of the Bureau of Commercial Fisheries in the Fish and Wildlife Service, has been appointed Deputy Administrator of the Defense Fisheries Administration, which coordinates fisheries programs under the current defense program. Mr. Anderson succeeds Milton C. James, who was Assistant Director of both FWS and of DFA until his retirement on March 31.

Albert M. Day continues as Director of FWS and of DFA.

New Association Members

The following firms have been admitted into membership in the N.C.A. since May 3, 1952:

Ess Packing Co., Point Knowel, Valdez Alaska. *Product*—Salmon.

Pelican Packing Co., 206 Columbia St., Seattle 4, Wash. *Factory*—Pelican, Alaska. *Product*—Salmon.

Hall Packing Company, Ltd., 402 W. Pender St., Vancouver, B. C. *Factory*—Ladner, B. C. *Products*—Green beans, beets, corn, green peas, peas and carrots, mixed vegetables, chili con carne. *Officer*—J. E. Hall, president.

International Milk Processors, Inc., 10 S. LaSalle St., Chicago 3, Ill. *Factory*—Ridgeland, Wis. *Product*—Whole milk. *Officer*—William J. Biehl, president.

Sun Pacific, Inc., P. O. Box 1749, San Diego 12, Calif. *Product*—Tuna.

STANDARDS

Canned Sweet Cherry Grades

Notice is given in the *Federal Register* of June 18 that the Production and Marketing Administration, USDA, has extended until November 1 the time for submitting views and comments on the proposed revision to the U. S. standards for grades of canned sweet cherries. The proposed revision was published in the *Federal Register* of April 29.

Grades for Limes

Notice is given in the *Federal Register* of June 18 that the Production and Marketing Administration, USDA, proposes to revise U. S. standards for Persian (Tahiti) limes. Text of the proposed revision was published as part of the notice.

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